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JAPAN IS BECOMING ATTRACTIVE AGAIN – NOT ONLY IN TERMS OF FREE TRADE

NEUSCHWANSTEIN – ECJ CONFIRMS TRADEMARK OF FREE STATE OF BAVARIA

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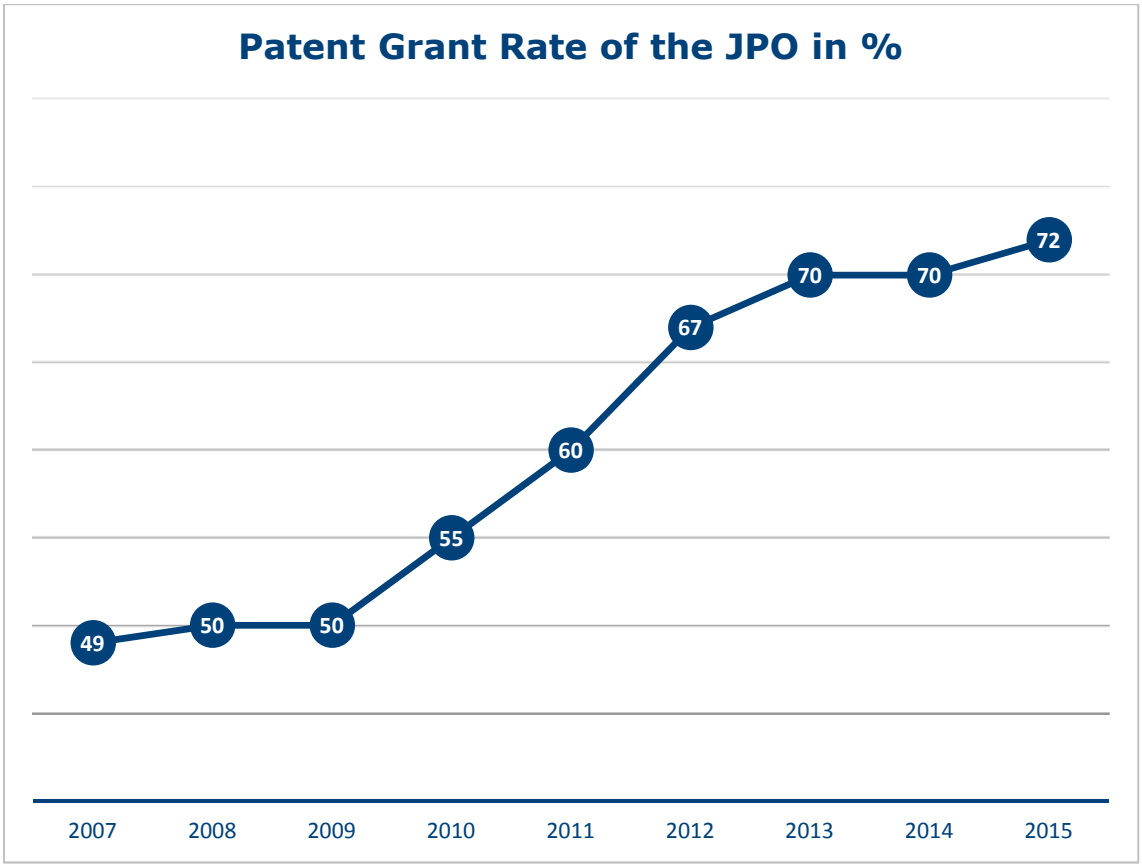
Japan is becoming attractive again – not only in terms of free trade

China has been the focus of the most attention in the Asian region for years. However, Japan is once again back in the spotlight following the finalization of the EU-Japan Economic Partnership Agreement, which will come into force at the beginning of 2019. It is thus worth reassessing the opportunities being offered in Japan - including those in the field of patent protection. This is because a lot has changed in Japan in recent years.

Many people are convinced that Japan is an unattractive country in which to apply for a patent because the Japan Patent Office takes a hard-line approach in the question of inventive step and only seldom grants patents but after laborious and complex examination proceedings.

Patent Grant Ratio at a new high

Notwithstanding these difficulties, a paradigm shift has taken place in the last few years. This is clearly reflected in the patent grant ratio by the Japan Patent Office as shown in the following diagram.



Source: Annual report of the Japan Patent Office for the years 2012 to 2016

After a difficult number of years during which the patent grant ratio remained at 50 percent or lower, the patent grant ratio after the examination proceedings then increased considerably between 2010 and 2013. Since then, it has remained consistently high around 70 percent.

This higher rate of success is good news. Once again, it is possible to efficiently protect one's inventions in the world's third largest economy and in one of the most important production locations in the high-tech sector.

Appeals are worthwhile

The figures are indeed even better than they first appear. In Japan, appealing the decision to refuse an application is a very popular method of ensuring that the examiner takes another critical review of his rejection. These appeals are often successful. In the last few years, more than three quarters of all appeals on a rejection have resulted in a patent being granted. Appeal proceedings should thus be considered a standard part of the examination proceedings.

If those patents granted following an appeal are included in the patent grant ratio, then this figure increases to around 80 percent.

At long last, Japan is once again an applicant-friendly country and it is therefore worth reconsidering whether innovations should also be protected there by means of counterpart applications.

Decreasing initial costs

It is also possible to defer filing a request for examination in Japan – similar to Germany – thus making the initial filing of a patent application easier and less costly. In

Japan, the request for examination must be filed three years after the application date, thus usually four years after the priority date, which provides the applicant with even more time for evaluating the economic efficiency of the invention.

The application costs can thus be staggered so that the risk of failure can be reduced even more, for example, if highly relevant state of the art is discovered in another country in the meantime.

In contrast to Germany, an application with a deferred request for examination will not be treated with a lower priority in Japan. Thus, there are no further delays once the request for examination has been filed.

Moreover, the Japan Patent Office has not only significantly improved the patent grant ratio since 2010, but also reduced the amount of time needed to examine patent applications. Whereas in 2009 the first Office Action was dispatched on average almost two and a half years later, it is now dispatched on average in less than 10 months.

Seize new opportunities

The EU-Japan Economic Partnership Agreement has created new sales potential in Japan. At the same time, the Japanese patent system has also opened up in the last few years, making it possible to prepare and secure an expansion into Japan which includes appropriate patent protection. If desired, it is thus possible to acquire a patent in Japan very quickly – provided that the invention is patentable. Hence, it is now a good time to focus more on Japan as a country in which to file counterpart applications.

QUESTIONS?

If you have any questions regarding patent protection in Japan, please feel free to get in touch with your personal contact or Johannes Trapp at (j.trapp@prinz.eu).

Neuschwanstein – ECJ confirms trademark of Free State of Bavaria

Neuschwanstein Castle – fairytale castle, tourist magnet and film set. According to the ruling of the European Court of Justice of 6 September 2018 (Case No. C-488/16 P), the Free State of Bavaria is the sole authorized (commercial) user of the Union word mark "Neuschwanstein".

Prehistory

The judgement was preceded by a long history of litigation. In 2011, the Free State of Bavaria applied for the word mark "Neuschwanstein" in the Union for typical souvenir goods such as various foodstuffs, clothing, jewelry, leather goods, games, porcelain etc., which was registered on December 12, 2011, under No 101 443 92.

The Bundesverband Souvenir-Geschenke-Ehrenpreise e.V. (Federal Association of Souvenir and Gift Prizes) turned against this. (BSGE). After years of dispute, the procedure ended in a nullity procedure before the European Court of Justice (ECJ). This has now decided: "Neuschwanstein" continues to enjoy protection as an EU trademark and does not represent a geographical indication of origin.

"Neuschwanstein" no geographical indication

One of the core problems of the dispute was the question of whether "Neuschwanstein" as a geographical indication of source was descriptive of the origin of the goods or services. This would have prevented a registration.

The Court of first instance ruled that the castle was "geographically localized but not considered to be a geographical place". The ECJ now confirmed this view. "Neuschwanstein Castle" is above all a museum site whose main function is not the production or marketing of souvenir articles or the provision of services, but the preservation of a cultural heritage. Moreover, it is not known for the souvenir articles or services sold there. The mere fact that souvenir articles are sold at Neuschwanstein Castle does not constitute an indication descriptive of geographical origin, since the place of sale as such is not capable of designating its own characteristics, quality or particular features associated with a geographical origin.

Distinctiveness

Another issue in dispute was the distinctive character of the word mark "Neuschwanstein". The German Federal Supreme Court (BGH) had decided with regard to the German trademark "Neuschwanstein" in its decision of 08.03.2012 (Az. I ZB 13/11) that there was no distinctive character, since the consumers would understand the sign "Neuschwanstein" rather as a designation for a sight, not as a designation as originating from a certain enterprise.

The ECJ emphasized here that the pre-instance decisions were bound decisions and therefore the pre-instance court was not obliged to take the decision of the BGH into account. The regulations on EU trademarks are an autonomous system, which is independent of any national system. As a result, the European Court of Justice ruled in favor of distinctiveness.

No Bad Faith

Ultimately, the ECJ also rejected the accusation of bad faith of the Free State of Bavaria at the time of filing of the application for the EU trademark, having intended to prevent third parties from using the sign "Neuschwanstein" by filing the application. The ECJ confirmed the decision of the previous instance that the Free State of Bavaria pursued a justified objective of preserving and maintaining museum sites by registering the Union trademark "Neuschwanstein".

Outlook

On the one hand, the Free State of Bavaria is now solely entitled to use the EU-wordmark "Neuschwanstein" in the commercial sector. This leads to the fact that it is up to him alone to decide which souvenirs may be ornamented with the word "Neuschwanstein".

This case law could create an incentive for owners of culturally valuable places, buildings or museums to have their names protected as trademarks and thereby control

the souvenir manufacturing industry by granting licenses. On the other hand, trademark protection offers the owner the possibility of protecting the cultural heritage of the places of interest. The actual extent of this decision remains to be seen.

QUESTIONS?

If you have any questions regarding this topic, please feel free to get in touch with your personal contact or Kristina Breunig, LL.M. at (k.breunig@prinz.eu).

Melanie Linhardt admitted as European Patent and Trademark Attorney

Melanie Linhardt has been admitted as a European Patent and Trademark Attorney since July 2018. She studied environmental engineering science at the University of Bayreuth and joined the patent team of Prinz & Partner in March 2017.

Her main areas of expertise include the preparation of patent and utility model applications in the fields of physics and mechanical engineering as well as the management of patent grant proceedings before the German Patent and Trademark Office and the European Patent Office. In addition, Melanie Linhardt prepares prior art searches and supervises foreign patent grant proceedings.

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